

REMARKS

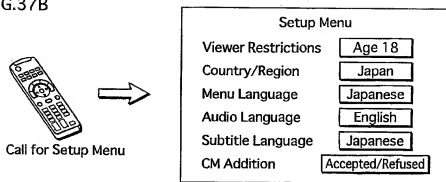
The entertainment industry is undergoing significant structural changes as we progress further into a digital world. Thus, the form and delivery of movies that were originally presented and controlled through specific locations like theaters, have evolved so that the sale, use and playback of such entertainment can be replicated in the home of a user with a high definition home theater environments.

Manufacturers of equipment for enabling reproduction of movies in such a format and the content providers of the movies are searching for operative business structures that permit the generation of revenue to sustain such operations in a profitable manner while providing high quality entertainment content to the public.

In such an environment, the present invention is seeking to balance the competing demands of security for the entertainment content. The owners of such copyrights is seeking to provide options to permit the consumer to balance the cost of viewing such content at different price points with a lower pricing structure permitting a mandatory inclusion of commercial messages (CM) in the form of supplemental information, with incentives of permitting different levels of copying and redistribution of the basic content.

The present invention discloses in Figure 36 a playback device that enables a user to select from a setup menu processing unit 63 to accept or refuse a CM addition with corresponding levels of cost, as follows:

FIG.37B



As seen in Paragraph 0131, the flowchart disclosed the implementation of a selection by the user for the commercial material as synchronized in content with an AV clip playback. A visualization of the frame images interspersed with mandatory commercial advertisement can be seen in Figures 43A and 43B, as follows:

FIG.43A

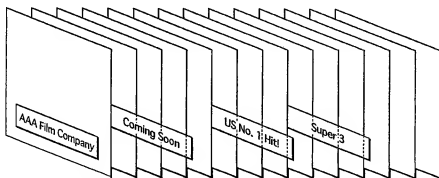
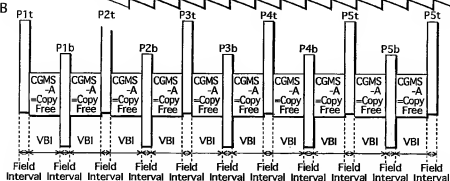


FIG.43B



As can be seen above, Figure 43A illustrates the video sequence presented on a display screen with the CM added, while 43B illustrates an SV video signal carrying the video sequence. Since the CGMS indicates a copy free status, the user is rewarded, when selecting the preparation of the commercial message added to the movie content, with an ability to freely copy the digitized movie content with the commercial material. Thus, the user is given an ability to freely copy the movie content but only upon a mandatory exposure to the advertising effect of the commercial message. That is the CM content cannot be edited out of the copied material.

As can be appreciated, this structure of business mode of operation enables either a presentation of coming movies or simply a revenue stream of commercial messages that the editor of the movie content can create and present as a sales option to the user.

Applicant assumes that the drawings that have been submitted are acceptable since an objection has not been entered in the Office Action.

Applicant further reserves the right to file a divisional application on the non-elected species defined in Claims 4, 7 and 10-13.

Applicant has addressed the 35 U.S.C. §112 rejection by its amendment to Claim 6 to add a set up unit operable by the user that allows the addition of supplemental information to the video signal. It is believed that there is now adequate antecedent basis for the terminology "supplemental information."

Claim 14 was rejected under 35 U.S.C. §101. It is believed that Claim 14 has now been more than adequately redrafted to moot this rejection by calling for a computer readable recording medium with a program recorded thereon. As can be readily appreciated, our specification and drawings more than adequately disclose such storage members including but not limited to, the BD-ROM shown in Figure 1.

The Office Action rejected Claims 1-3, 5-6, 8-9 and 14-15 as being completely anticipated by *Itoi* (U.S. Patent Publication 2001/0012440) under 35 U.S.C. §102.

“‘[T]he dispositive question regarding anticipation is whether one skilled in the art would reasonably understand or infer from the prior art reference’s teaching that every claim [limitation] was disclosed in that single reference.’ *Dayco Prods., Inc. v. Total Containment, Inc.*, F.3d 1358, 1368 (Fed. Cir. 2003).

As can be appreciated, applicant has amended Claim 6 and it is believed that the features of each of the independent claims, including the playback device of Claim 6 and the elements of the program recorded on the computer readable recording medium of Claim 14 and the playback method of Claim 15, now more than adequately define features that are neither anticipated nor would be suggested as obvious from the teachings of the *Itoi* reference.

The amendments to the independent claims complies with Claim 6 as a representative independent claim and is more than adequately supported by our drawings and specification and are within the elected subject matter of the Restriction Requirement.

In Claim 6 we have added the element of “a set up unit” which is operable to accept the user operation to allow the addition of supplemental information to the video signal. This information is more than adequately supported by the disclosures in Figures 36-38 and Paragraph 0127 through at least Paragraph 0130.

We have also clarified that the “output control unit” is operable to cause the output unit to output the video signal with the addition of the supplemental information when the user operation makes such an election. These features of the output control unit can also be found, without limitation, for example in the disclosures in Figures 30, 35B, 39 and 40, and reference can also be made to Paragraphs 0116-0120 and 0126-0138.

The *Itoi* reference teaches a modification to a set top box to be able to address and make decisions as to the manner of selecting a particular type of recording apparatus for the contents of a broadcasting satellite digital transmission. Thus, the broadcast can have a copy control code consisting of two bits wherein "00" indicates that copying can be freely performed without any conditions, "10" indicates copying can only be done once, "01" indicates the copying is inhibited by the undertaker, while code "11" represents that copy is inhibited. Additionally, *Itoi* contemplates apparently an automatic interpretation of what among various recording apparatus can be utilized for a copying mode of operation, starting with a hard disk drive, an optical disk drive and a video tape recorder.

Itoi recognized that when a control code was "10," that the copying would be permitted only once, and if the hard disk drive was selected as a recording apparatus for copying the contents, the hard disk drive could not be utilized for copying onto another recording apparatus to preserve or edit the material. Purportedly, such copying to a hard disk drive suffered from a problem that the content could also be limited to a time shift enjoyment. See Paragraph 0010.

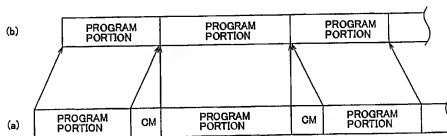
Thus, the teaching to a person of ordinary skill in the field is to address the options available to the user or recipient of a digital broadcasting signal that would facilitate both an editing and preservation of contents when copying is permitted only once.

To achieve this purpose, the central processing unit or general control section 11 in Figure 1 is programmed to extract and analyze the copy control code from the received data and then select and control one or more of the recording apparatus connected to the set top box. Basically, the individual characteristics of the hard disk drive, an optical disk and a video tape recorder are taken into account. Purportedly, the optimum combination of one or more of such recording storage members are chosen for a particular set of circumstances, particularly in

addressing copy control code "10." The system treats the feature of copying only once to permit it to simultaneously record on two of the attached various recording apparatus.

Of particular interest is the teaching in *Itoi* with regards to commercial messages (CM) for specifically editing out such commercial messages or even editing in additional new material. This is graphically disclosed in Figure 2:

FIG. 2



The express teaching of the *Itoi* reference can be found as follows, on Page 4:

[0056] By the way, contents usually include a portion unnecessary to a user such as, for example, a commercial message (CM) or an interview with a participant in a music program. Contents whose copy control code is "00" can be edited by deleting an unnecessary portion after recorded. However, contents whose copy control code is "10" do not allow editing thereof which involves re-recording after recorded once. Accordingly, there is a problem that such editing as deletion of an unnecessary portion cannot be performed.

[0057] Another problem resides in that, where contents which can be copied only once are recorded, even if it is intended to add another music or voice of a narration or the like after the contents are copied, such addition cannot be performed immediately.

[0058] As a solution to the former problem, when contents whose copy control code is "10" and which can be copied only once are to be recorded, they are recorded with an unnecessary portion deleted in accordance with a rule determined in advance. In particular, the contents are recorded after CM cutting processing or interview portion cutting

processing in a music program is performed for the contents. (underline added)

As can be readily appreciated, the *Itoi* reference specifically teaches away from the advantages of the present invention in permitting the supplier of the content to realize additional revenue by prohibiting the removal of commercial messages while at the same time presenting them in a format that would encourage the user to subject themselves to such commercial messages as a least expensive way of receiving the desired content.

“A reference may be said to teach away when a person of ordinary skill, upon reading the reference, would be discouraged from following the path set out in the reference, or would be led in a direction divergent from the path that was taken by the applicant.” *In re Gurley*, 27 F.3d 551, 553 (Fed. Cir. 1994); *see KSR*, 127 S. Ct. at 1739-40 (explaining that when the prior art teaches away from a combination, that combination is more likely to be nonobvious). Additionally, a reference may teach away from a use when that use would render the result inoperable. *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1354 (Fed. Cir. 2001).

In re Icon Health and Fitness, Inc. 2007 U.S. App. Lexis 18244, *10

In summary, amended Claim 6 recites a particular type of reproduction device to achieve the advantages of our present invention comprising at least the following features:

- (i) a setup unit operable to accept a user operation to allow addition of supplemental information to the video signal;
- (ii) an output control unit operable to cause the output unit to output the video signal with the addition of the supplemental information when the user operation allows the addition; and
- (iii) an assigning unit operable to assign copy control information to the video signal output with the addition of the supplemental information, the copy control information defining a less strict restriction than another copy control information to be assigned to the video signal output without the addition of the supplemental information.

On the other hand, *Itoi* discloses a data decoding recording apparatus that can record contents such as broadcast programs without commercial messages (CM) as shown in Figure 2 thereof.

Therefore, *Itoi* neither teaches nor implies the above-mentioned units (i)-(iii) of amended claim 6. In particular:

- (1) Amended claim 6 recites that the user operation allows the addition of the supplemental information. In contrast, Paragraph [0041] in *Itoi* discloses the user instruction to copy contents;
- (2) Amended claim 6 recites that the assigning unit is operable to “assign” copy control information “to” the video signal output with the addition of the supplemental information. In contrast, Paragraph [0041] in *Itoi* discloses that the general control section 11 “extracts” a copy control code “from” the received transport stream.
- (3) Amended claim 6 recites the “operation” of the assigning unit. That is, the assigning unit “assigns” copy control information defining less strict and stricter restrictions respectively to video signals output with and without addition of supplemental information. In contrast, Paragraph [0062] and claim 7 in *Itoi* teach the criterion that the contents with “preassigned” copy control code “00” representing freedom of copying are to be considered as including CM portions, while the contents with “preassigned” copy control code “10” representing permission of copying only once are to be not considered as including CM portions.

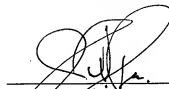
Since *Itoi* fails to teach the invention of amended Claim 6, we believe that the rejection of claim 6 is improper, and that Claim 6 is now allowable. The same is true for amended claims 14, 15. Claims 8, 9 are also allowable in that they depend from allowable independent claim 6.

In view of the above comments and the merits of the current claims, it is believed that the present application is now in condition for allowance and an early notification of the same is requested.

If the Examiner believes a telephone interview will assist in the prosecution of this matter, the undersigned attorney can be contacted at the listed phone number.

Very truly yours,

SNELL & WILMER L.L.P.

A handwritten signature in black ink, appearing to read 'J. Price', is written over a horizontal line.

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